

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7130

BILL NUMBER: SB 250

NOTE PREPARED: Apr 5, 2007

BILL AMENDED: Apr 5, 2007

SUBJECT: Grain Buyers and Warehouse Licensing Agency Fund.

FIRST AUTHOR: Sen. Jackman

FIRST SPONSOR: Rep. Grubb

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Corn Marketing Council and Checkoff Fee*: This bill provides that 25% of the net amount collected in the corn market development account is used for deductions for the sale of E85. The bill provides that corn assessments do not apply to seed corn. The bill also provides that a producer has 180 days to claim a refund. The bill provides for an annual audit of the Corn Marketing Council. The bill requires the Council to have an annual audit. The bill provides that the Council may audit first purchasers, and it specifies that if the Corn Marketing Council requires an audit, the Council must pay for the audit. The bill also provides that if first producers claim a refund of 25% of the money collected from assessments in the corn marketing program during a corn marketing year that the assessments must cease on a specific date.

Grain Buyers & Warehouse Licensing Fee Fund: The bill creates the Grain Buyers and Warehouse Licensing Agency License Fee Fund. The bill provides that fees collected by the Grain Buyers and Warehouse Licensing Agency are deposited in the Fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: See *Explanation of State Revenues* below.

Explanation of State Revenues: (Revised) *Corn Marketing Council and Checkoff Fee*: This bill decreases the Indiana corn checkoff fee assessment amount from \$0.005 per bushel to \$0.0025, beginning July 1, 2007, and until December 31, 2009, at which time the fee goes back to \$0.005. The bill also changes the fee assessment language from "permitted on" to "shall be collected on" all corn sold in Indiana. The impact of these changes are indeterminable, and will ultimately depend upon the ability of the Corn Marketing Council

(CMC) to collect this checkoff fee from corn buyers in Indiana.

The bill also provides that the checkoff fee is required to be refunded to any producer who sells corn, and then files a written application for refund within 180 days. The bill also provides that if more than 25% of the checkoff fee is refunded during the year, the CMC shall cease collecting the fee and request the Legislative Council to have legislation prepared to repeal the corn market law.

This bill also establishes the Indiana Corn Market E85 Account within the state General Fund. The bill requires 25% of the checkoff fees collected to be deposited in this account for use for retail merchant Sales Tax deductions for sales of E85 under IC 6-2.5-7-5. Also, the total limit of \$2 M on this Sales Tax deduction is raised in the bill by the amount of checkoff collections collected and deposited for this purpose. This provision could decrease Sales Tax collections, but any decrease would be offset by the deposit of corn checkoff deposits with the state.

Grain Buyers & Warehouse Licensing Fee Fund: The Grain Buyers and Warehouse Licensing Agency is a division within the Department of Agriculture (IDOA). The agency collected approximately \$160,000 in fees for licenses and inspections for FY 2006. Currently, these fees are deposited in the state General Fund. The bill provides that the fees would be deposited in the newly established Grain Buyers and Warehouse Licensing Agency License Fee Fund to be used to finance the operations of the agency. The agency currently is funded through the IDOA, which is financed, in part, through state General Fund appropriations.

In addition to the fees collected above, the fund would also consist of gifts, bequests, and appropriations made by the General Assembly. Expenses of administering the fund must be paid from money in the fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments must be deposited in the fund. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDOA.

Local Agencies Affected:

Information Sources: Dennis Henry, Audit Supervisor, IDOA, 317-232-1360;
<http://www.in.gov/igbwla/about>.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586; Adam Brown, 317-232-9854.